

Fidelis Private Fund, LP – 2nd Quarter 2020 Performance Report

Message from John Lloyd, Co-Founder, President & CEO

On behalf of the General Partner of Fidelis Private Fund, LP, I would like to thank the limited partners for their investment and commitment to Fidelis.

It has been four months since the COVID-19 pandemic, which has changed the way we work, live, and interact with people. Besides the obvious health dangers from this pandemic, this crisis has impacted every aspect of our economy.

I am happy to share with you that Fidelis Private Fund continues to thrive and grow evidenced by these performance indicators:

- 8%+ annualized investor yield consistently since inception
- Increased new limited partner capital by \$2.4M in the 2nd quarter 2020
- Zero loan delinquencies (30 loans)
- Funded \$4.4M in loan commitments in the 2nd quarter 2020
- Maintained an allocation for loan/loss reserves of 1.72% of total assets

As I said in last quarter's report, this crisis would clarify our values and make us better both personally and professionally. I know it has for Fidelis and me.

What I have gleaned during this crisis is there is no certainty, change is inevitable, opportunities exist, and relationships are key to a successful business.

We are actively arranging financing for borrowers with liquidity and foresight to take advantage of the investment opportunities as a result of the inefficiencies in the market.

Our success is predicated on our limited partners' participation and quality borrower relationships we have established over the years, along with an experienced Fidelis General Partner who knows how to choose the right investment opportunities while navigating the Fund through uncertain times.

We are excited to deliver an annualized 2nd quarter yield to our Limited Partners of 8.15%.

In conclusion, I believe the below information is worth repeating from last quarter since we have several new limited partners this quarter, and it's important to emphasize our ability to preserve capital at the same time funding wise investment opportunities during these uncertain times.

Besides strong leadership, we have three valuable attributes that will help us navigate successfully through these uncertain times:

1. **Flexibility and Patience** – We have the flexibility to make common-sense decisions. When appropriate, we can help our borrowers with temporary loan modifications for those borrowers who may be experiencing a disruption in their cash flow as a result of the crisis. To date, we have not had to modify any loans, but based on experience, if this crisis continues, we most likely will have to make such modifications.
2. **Strong Borrower Relationships** – Most of our borrowers are repeat clients with whom we have developed strong relationships with a personal commitment to their obligations that goes far deeper than just contractual arrangements. This attribute is unquantifiable and invaluable in a lender/borrower relationship when it comes to keeping loans current, especially during difficult times.

3. Our Capital is Secured by Diversified, Quality Real Estate Assets – Most of the assets are in San Diego County, and they are not going anywhere.

Should you have any questions, please reach out to me by email or call me at 760-258-4486. I value the relationships with our investors, and thank you for our partnership and your trust in us.

Fidelis Private Fund – Q2 2020 Financial Performance

This quarterly report includes an overview of financial performance, outlook for the future, and further information regarding our Fund and our strategy. Included is a financial performance dashboard.

Fidelis Private Fund is a one-stop-shop for commercial real estate financing needs, which is unique to most mortgage funds. Not every borrower needs a short-term bridge loan from Fidelis, nor do we have the capacity to service all the loan requests we receive. Therefore, as a service to our client, we broker loans that we could not otherwise do, and it's a win/win for our clients and our investors.

Q2 2020 Investor Annualized Return

Fidelis Private Fund generated for the 2nd Quarter an annualized return of **8.15%** for those limited partners invested in the Fund before the last month of the quarter.

The annualized yield achieved includes a Loan/Loss Reserve currently at 1.72% of total loan commitments. This reserve is protection for limited partners against unforeseen future pitfalls in the economy (note the reserve expense in any one quarter only applies to new loan commitments that exceed the previous quarter's total).

Limited Partner Capital

Fidelis' Limited Partner capital as of 3/31/2020 was \$5,366,799. The 6/30/2020 Limited Partner ending capital balance was \$7,730,664 from a combination of earnings and new capital, a 44% increase over last quarter.

Loan Commitments/Performance/LTV/Loan-Loss Reserve

We closed \$4,405,000 in new loan commitments in the 2nd quarter for total gross notes receivable of \$11,158,757, with existing loan balances outstanding of \$10,593,450, resulting in \$565,307 in undisbursed loan commitments. Out of 30 loans in the portfolio, we had zero delinquencies. The average loan portfolio LTV ratio was 61%. Our target Loan/Loss Reserve is 2.00% of Gross Notes Receivable. As of 6/30/2020, the Loan/Loss Reserve was \$192,242 or 1.72%

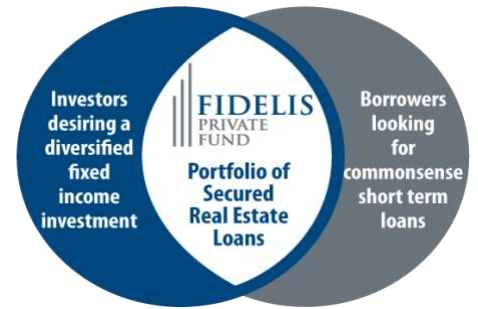
Further performance detail is provided in the ensuing pages along with our Fidelis Financial Performance Dashboard documents.

2nd Quarter 2020 Highlights:

- Progress is being made with our new software system.
- We rely primarily on repeat business and client referrals. A long time client gave us an excellent testimonial via a video. [Click to watch the borrower testimonial video.](#)
- Allan Paranada, who joined us last year, has been instrumental in helping primarily in our mortgage brokerage side of the business due to Fidelis not having the capital capacity to fund all the loans we receive.
- Monica Johnston continues to provide excellent administrative support to our limited partners and borrowers as we grow the fund.

Fidelis Business Outlook

- Uncertain times generate inefficiencies in the market and create opportunities that Fidelis will selectively pursue.
- With global interest rates low, and massive government debt, the pressure will remain for a low-interest-rate environment well into the future, further stimulating the economy and supporting real estate investment opportunities.
- Residential housing will be a bright spot for investment opportunities. For more information on where are the next real estate investment opportunities [Click to watch a short video by John Lloyd](#)
- During this downturn, we will actively look for conservative loans and continue to capitalize on loan opportunities where timing is critical and where there is added value potential. My experience has been that conservative loans made during a downturn can be some of the best loans on the books as you come out of the cycle. These opportunities are a win/win for our borrowers and our investors.
- Fidelis has a finite source of capital, and we cannot directly fund all the loan opportunities that come across our desk. We are actively arranging mortgage brokerage opportunities to help borrowers fund loans.



Fidelis 3rd Qtr. 2020 Outlook

- We look to have our new software system fully functional for our investors by the end of the 4th Quarter 2020. Our investors will be able to go online to view their capital investment and overall company statistics in real-time.
- Health conditions permitting we hope to schedule a Limited Partner seminar in Fall 2020 at The University Club to demonstrate the new software technology and real-time transparency for the Limited Partners capital accounts.
- We want to raise more limited partner capital in the coming months. This benefits existing Fidelis limited partners and our client borrowers. Because with more capital, we improve our efficiencies and absorb our fixed cost through economies-of-scale, resulting in better investor yields, more product diversification, and more satisfied clients.

Our Model: Growing Value with Purpose



The Fidelis business model is simple. We are a direct portfolio lender specializing in commercial and residential investment real estate loans offering accredited investors the opportunity to invest in a pool of real estate secured loans generating a competitive rate of return with moderate risk and reasonable liquidity.

“We identify Real Estate Financing Solutions Borrowers Need for Timely and Profitable Execution.”

Thanks to our limited partners, we are now over 10 million in total assets in less than a year and consistently generate an annualized yield of over 8% to our limited partners. We have a proven business model and a Fund Manager who is experienced with prior success. John Lloyd has been fortunate to establish long-term relationships with investors, borrowers, and brokers over the last 30 years resulting in a solid foundation from which to scale our Fidelis.

Fidelis Private Fund Quarterly Performance Report – Q1 2020

The combination of an excellent business model, a loyal client base, and general partner's who have a long-term investment approach, has allowed Fidelis to generate an exceptional return to our limited partners' while establishing a loan/loss reserve over 1.72% of total loan commitments.

Investor Insights

If you want to escape the volatility of the stock market, existing limited partners can always add to your capital account anytime with no minimum amount required. If you have any questions about your investment, do not hesitate to contact us.

If you know of an accredited investor who would benefit from an investment in Fidelis, please pass along this information. They may contact John Lloyd at 760-258-4486. Visit our website at FidelisPF.com for more information about Fidelis Private Fund.

Thank you for the opportunity to help make Fidelis a successful investment vehicle for fixed income investors.



John P. Lloyd
President & CEO



845 15th Street, Ste 201, San Diego, CA 92101
760-258-4486 | www.FidelisPF.com